

# L. R. B. & M. JOURNAL

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## As I Look Back Over Half a Century

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It seems a work of supererogation to write anything regarding the history of accounting of the last fifty years, after reading the comprehensive presentation made by Norman Webster in his admirable paper prepared for the fiftieth anniversary of the American Institute; also the splendid article written by T. Edward Ross descriptive of accounting and other conditions as they existed fifty years ago and the development that has taken place since then.

But the editor who has been so largely responsible for the publication of our L. R. B. & M. JOURNAL during all these years asked me to write something for it on this, my fiftieth anniversary; not general observations alone but, in the main, personal history and personal experiences. One cannot say "no" to an editor who has devoted so many years to the development and publication of our L. R. B. & M. JOURNAL, a magazine of which we all are proud. Therefore it behooves me to obey his command—so here begins the record.

When we were discussing the proposed article, I showed the editor an item copied from a New York city directory of the year 1801. It was "William Connolly, Accountant, 18 Marketfield Street." This William Connolly was my great-grandfather. The word "accountant" attracted the attention of the editor, who was much interested to find that an ancestor of mine had been so listed 137 years ago.

He lived, as will be noted, on old Marketfield Street, only half a block distant from our present New York office. He must have been an ambitious young man since, within a year or two, he appears in the directory as "merchant," with his place of business at 152 Water Street. It is too bad that there have not been preserved at least one "statement of affairs" and one "loss and gain account" since he must have prepared them from time to time while he was employed as an "accountant."

I like to think of him walking through Marketfield Street and down Broad Street to his place of business on Water Street. If his

ghost should make this perambulation now, I could, from my office window, see him wending his way.

### *Early Home Life in Pennsylvania*

My father was a clergyman of the Methodist Episcopal Church. In my youth, the service of a pastor in any one church of that denomination was limited to three years. This rule obviously resulted in frequent changes from one parish to another and while that may have been a hardship for the elders of the family, the children enjoyed it. From their point of view, there was always the chance that it might be a nicer place in which to live, a real bedroom for the youngsters instead of sleeping in an attic, a new horse to pull the old buggy, less lengthy sermons from the pastor-father, a more exciting Sunday school library, and a shorter daily trip to the well-to-do member of the church to borrow his Philadelphia newspaper!

Immediately after our arrival at the new appointment, how we scurried up into the attic, out into the barn and everywhere else to see if anything of interest had unwittingly been left behind by the last pastor or his family!

Life for a youngster was not bad in those days. We had to go to church and Sunday school, our reading on Sunday was limited to books from the Sunday school library (no Sunday newspapers), but in looking back on those days my recollection is that we had a really good time.

My father was pastor of a church in a little country village in southeastern Pennsylvania when my earliest schooling began. It was the proverbial "little red schoolhouse." I feel that it was rather good luck to have begun in a little school such as it was, rather than perhaps be an unknown youngster in a large class in a city school. In that little school the teacher knew every scholar well. All the grades were in one room, the younger scholars at the desks in front. We were called up on the platform to recite, moving up and down in our class according to our correctness in answering questions. Then, in the afternoon, the whole school would sing or the teacher would read to us from a book, perhaps *Uncle Tom's Cabin*, or some such book that would interest all the scholars.

My last regular school attendance was in Philadelphia, but it covered only the equivalent of the first two years in high school. On Saturdays a few of us were permitted to attend an art school which had been started by Charles Godfrey Leland, a well-known artist, educator and author of his day. This school was described in the October, 1882 issue of the *Century Magazine*. In that article is a picture of Mr. Leland at the work table instructing his class. I like to think that I can identify one of those students as myself!

A few years ago there came into my possession a number of old issues of the *Century* in which were

published illustrated articles written by Mrs. Pennell, a niece of Mr. Leland and wife of the famous etcher, Joseph Pennell. I had these articles bound into a book, took it to Mrs. Pennell, and she autographed it for me. You can imagine the memories it stirred up in her mind, rereading what she had written over fifty years ago.

After leaving public school I went to a night school to study engineering, drawing, etc., and at another time studied a foreign language at the Y. M. C. A. evening school. I also studied stenography, and managed in a test to write one hundred words per minute, but never made use of this accomplishment!

#### *Becoming an Accountant*

Our genial assistant editor has suggested various topics concerning which I might write. He asked what prompted me to be an accountant. I wish it could be said that an accountant's career was something on which my mind had been set and for which I had prayed and worked, but the truth must be told; I knew little or nothing about an accountant's work. Certainly the term could not be applied to me—my first work had been that of a clerk in the office of a machine tool building concern, working on the cost accounts. Later I was promoted to the position of assistant bookkeeper.

About that time, that is, in the year 1887, it came to my attention that John Heins, one of those mys-

terious "public accountants," needed men. My application received favorable consideration and I was "hired"—that's what we used to call it. It was a supremely lucky break for me and I have never ceased to be grateful to him for employing me.

Mr. Heins had a quick, keen mind and a decisive way of speaking which left no doubt as to his meaning. A certain "Mr. D"—of the New York office—is mildness personified compared with him. When Mr. Heins looked at your work and commented on it in his caustic way you just wilted or got very angry. It was much safer to "wilt." But with it all he really was not unkind—his discipline was good for us. The responsibility we had to assume helped to develop us, and before many years—only four years in fact—I became a junior partner.

Very shortly after entering Mr. Heins' office, within a month or two, he moved to the Bullitt Building. Mr. Ross told of this building in his article. It was huge for its day—eight stories with four elevators. Mr. Heins did not stay there long; he refused to be poked away in a big office building where no one could see his name on the door or windows.

So he moved to 508 Walnut Street, opposite Independence Square, with its glorious old Independence Hall in full view. It was and still is a splendid prospect and it seemed especially fitting for account-

ants to be under its influence for they, of all others, should be truly independent in thought and action. It is a pity we cannot scatter a few Independence Halls through the farm country and labor sections to remind the farmers and workers not to be too ready to sign away their liberties.

George Wilkinson describes in a delightful way his first visit to Mr. Heins' office:

By and by a little man of middle age, with a beard of the Victorian era, came bustling in, strode across the room to a wardrobe on the far side, where he deposited his coat and his cuffs, and donned an old alpaca office jacket richly ornamented around the left sleeve with red and black ink smudges.

This is a good word picture of Mr. Heins but, forgetting some personal idiosyncrasies, he was really a remarkable man. A pioneer in public accounting in Philadelphia, he was not only the undoubted leader there but he held his own in that wider accounting circle of which New York was the center. This is evidenced by his election in 1889 to the presidency of the American Association of Public Accountants with its office in New York and his re-election, so that he served a term of three years. He was the first president of the Pennsylvania Association of Public Accountants in 1897. The status of his clientele during those early years is the best evidence of the confidence reposed in him by the legal fraternity as well as

the business and financial leaders of the period.

Mr. Heins had one son, George L., now deceased, who was the senior partner of the firm of Heins & LaFarge, the first architects of that glorious structure, the Cathedral of St. John the Divine. I remember Mr. Heins telling me of the award and giving me a small engraving showing the cathedral as it would appear when constructed. He was immensely pleased that the plans of his son's firm had been selected.

Shortly after this award had been made, Mr. Heins visited his son in New York, fully expecting to find him hard at work with drawings, blue prints, etc., on all sides. Imagine the amazement of the active, industrious Mr. Heins at finding his son seated in a chair, his feet on the table, calmly smoking a cigar! When the father expressed surprise, George L. said, "Father, this is how I do my best work." Needless to say, Mr. Heins did *not* ask any of us to follow his son's example.

#### *An Old Book of Clients' Accounts*

I have an old book boldly inscribed in the "chief's" handwriting on the first inside page as follows:

Clients' Accounts

Heins & Whelen

July 1, 1891 to July 1, 1892

Partners:

John Heins

K. G. Whelen

W. M. Lybrand

Every item in this book (and it



was kept in great detail) is in the handwriting of the chief. He did not entrust to anyone in the office such important work as the charges to clients! Under the name of each client in this book is a brief description of the character of the engagement.

One such title is *Examining the Accounts of the Benevolent Order of Earnest Workers* for the receiver of the organization. Judging from the clipping which is pasted in the book the unwitting benevolence of the twenty thousand certificate holders of this organization seems to have consisted largely of payments by the "supreme officers" to themselves of very large amounts for commissions and expenses, which the court later on said they must disgorge.

Another title is *Stating the Results of the Furniture Business for the Seven Years ended January 31, 1892*. We must have been fast workers in those days for I find that on this work Mr. Heins charged one-quarter of a day of his time "for consultation upon interest on capital, etc.," and one and one-quarter days for myself for "stating profits, etc."

On another engagement *Consultation Upon Their System of Accounting, etc.*, Mr. Heins in two hours seems to have disposed of any questions that had arisen in connection with the system of accounting; later on he passed upon the insurance value of machinery, etc., and

salaries, surplus, etc., in one and a half hours. Imagine disposing of any kind of a surplus account in these days in that time!

The next one is unique—*Calculating Percentages in Schedules of Prisoners Throughout the United States*. I noted that Colonel Montgomery had a little time charged on this job in the beginning, but apparently the chief wanted to use him on some other work, because charges for his time ceased.

Another case was *Correcting Errors in Check Books From August 20, 1890 to October 28, 1891*. It was a good sized steel castings company, but one day's work of Adam A. Ross seems to have been sufficient to find all the errors.

Almost the fastest work on record, however, is three-quarters of a day charged by Mr. Heins for stating the results of the operations of a fire insurance company for the year 1891!

Illustrating the difference in expenses between 1892 and the present time, I noted a trip made by Adam A. Ross and Robert H. Montgomery to some place in Connecticut. Adam's expenses in crossing New York City were "carfare ten cents" and "lunch twenty cents." Colonel Montgomery was more extravagant because his breakfast in Hartford was forty cents. Their board at "The Rockville" from the middle of February to the early part of March was at the rate of \$1.25 a day!

One more example and I am through. This work was for one of the large railroads entering Philadelphia. I cannot imagine its purpose, but the engagement memorandum reads as follows: *Examining and Reporting upon Penmanship in Time Books, etc., under Instructions of the Superintendent.*

Here is an item that may not pass editorial censorship but I'll try it. It amused me when I ran across it in the old cash book in which every entry was written by Mr. Heins himself. It was the record of a payment made August 3, 1889: "John D. Hall, 50 Advertising Thermometers \$20." They were thermometers on which was the name of Heins and Whelen, Accountants. I remember those thermometers and it is likely that the distribution of some of them to clients, already in the bag or prospective, was my task. Strange to say, I don't recall that it aroused any misgivings or compunctions on my part in performing that task. It was really conferring a favor on the clients!

There was then no one who would hail me before a committee of ethics. In truth, there was no such committee nor a code of ethics. What was more important than a code of ethics, however, was the unimpeachable integrity and sturdy independence of Mr. Heins and his scorn of any action not befitting a gentleman. Advertising then, in one form or another, was not

frowned upon. The loss of professional standing by advertising, not to speak of its futility, became evident to accountants later on.

If anyone can find one of those thermometers for me, I'll pay a premium for it.

### *Hardships During Early Days*

It was suggested that I write of the hardships we suffered in those early days, but they did not seem to be such then—we took them as a matter of course. It is true that we worked long hours on ponderous tomes heavy enough to shake the floor if they happened to slide off the high desks. There were no adding machines (except our brains) and few typewriters. We had no brief cases stuffed with fat working papers. Now I see the boys wandering in after a long engagement, staggering under the weight of brief cases loaded to the gunnels. In those days I carried a green cloth bag (such as Philadelphia lawyers used)—in fact, I had such a bag until I came to New York in 1908, but not after I had arrived and the eagle eye of Colonel Montgomery had spotted it.

We did not ride in subways, autos nor taxis. We used "shanks' mare," pedaled along on bicycles or rode in street cars. The street cars were pulled by two horses in Summer and four to six in Winter. The cars were not heated. In Winter hay or straw was thrown on the floor to keep the feet of the passengers from

freezing. Imagine the condition of that straw or hay after the passengers, on cold or rainy days, had jammed in, with shoes covered with snow or mud. The drivers were so muffled up with overcoats and blankets that, squeezed in on the front platforms, they looked like mummies. The poor old horses slipped and floundered along on the icy cobbles. It must have been then that the Society for the Prevention of Cruelty to Animals was formed by some softhearted individuals.

The trains were not streamlined nor equipped with palatial dining cars. No, we tumbled out at some way station for a stop of fifteen minutes and rushed to the counter to gorge ourselves on fried chicken, apple pie and coffee. But that wasn't hardship, it was fun. We sometimes worked all night, but the boys tell me that they do that now occasionally. Would that I might recapture my youth and spend the night with them on their appointed tasks.

The hardships, if we choose to call them by that name, which we suffer in these days are of a different character. While we now have much that conduces to our physical well being, discomforts having been reduced to a minimum, such a condition is not always accompanied by mental relief, freedom from anxiety and hope for the future.

Peace of mind is disturbed by what is happening the world over—wars of unexampled brutality now

being waged—another world war threatened—dictators ruling with the power of life or death over their subjects—nationalization of countries carried to such an extreme that it must be modified or lead to ruin—industrial activity built on the false foundation of armament building—it is not a pretty picture.

We in the United States, with all our natural advantages and divorced from many of the problems which weigh so heavily on other countries, are suffering from other evils. All classes of society should be working hand in hand, and the government, whether Republican, Democratic or New Deal, should do everything humanly possible to bring that to pass. Political opportunism with its attendant evils should be discarded at a time like this, when confidence in the future is needed, if the resources of the country are to be developed to their full measure.

#### *The L. R. B. & M. Firm*

In an article written for our 35th anniversary number by Mr. Samuel W. Reyburn, he remarks that the year 1898 (at which time our firm was formed) was a most propitious time to start such a practice. It was the year of the Spanish-American war, brought to a successful conclusion within six months. That war, supported alike by the North and South, served to blot out much of the sectional feeling that remained as an aftermath of the Civil War. Other favorable factors

tended to inspire confidence in the people of the whole nation and they began "to produce, exchange and consume more goods and employ more services than ever before. The year 1898 marks the ending of one and the beginning of another epoch in our country's growth."

Mr. Ross has told, in his reminiscences, of the founding of this firm, its partners and its organization—very limited then in numbers, but in no sense limited in ability and loyalty. The assistant editor has asked me to recall the first big job we secured after forming our firm. I know that for a while the "jobs" seemed few and far between, but in looking over the record recently I was surprised to find how many there were during the first year and how varied was the character of the work.

It seems that we did accounting work of one kind or another during 1898, our first year, for a mutual fire insurance company, an indemnity company, brokers, banks, estate accounts, drug manufacturer, cigar manufacturer, city accounts, hotels, educational and charitable institutions, coal mine, iron mine, iron works, trolley lines, a small railroad, contractors' accounts, a blast furnace, a theatre, a paint manufacturer, an oil company, tool manufacturer and a loom manufacturer.

It was not very long after we began our practice that a gentleman came to the office, sat down beside our one partners' desk, and after

sizing me up and explaining that he would like to have the books of his business audited, finally authorized us to go ahead with the work. The audit fee was modest, needless to say. Fees in those days were as modest as shrinking violets!

We began the work. The books seemed to be well kept and the bookkeeper appeared to be intelligent, and he was, for he had cleverly manipulated the accounts to the tune of a fairly large defalcation.

We ultimately got on the trail of these peculations and when I put it up to the bookkeeper he looked at me in astonishment and said, "Didn't you know about it?" Then it transpired that while our good Quaker client had known of the defalcation all the time, he hadn't even given us a hint of it. I felt like telling him what I thought of it but refrained.

That bookkeeper was an artist at the game of extracting cash. Vouchers (so-called) for postage, expenses, etc. were just memos on slips of paper and he could easily increase the amounts, which he did. He manipulated customers' discounts, marked up pay rolls and passed fictitious purchase invoices through the books. The final artistic touch was the inflation of the inventory each year by an amount sufficient to cover his takings, so that the proprietor's suspicion would not be aroused by a drop in the profits.

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Another clever young defaulter

contrived to get possession of the bank passbook when it came from the bank, at the end of the month. Then he tore out the pages and wrote in the deposits and the balance to agree with the accounts which he had manipulated.

When the rewritten bank book had served his purpose, he changed it back again to agree with the bank's records and went on for another month. In answer to my inquiries about the passbook, he simply held it up with its edge toward me, and I saw at once that it was only about half its original thickness, so many pages having been torn out.

Our first office was in two small rooms in the Stephen Girard Building in Philadelphia. There was one roll top desk for the four partners, in the "private office," and, in the "accountants' room," a desk for the secretary and high standing desk for the staff. The staff consisted of Mr. Pugh! He combined in himself the duties (but not the salaries) of supervisor, managing senior, senior, semisenior and junior. Believe it or not, he filled all those positions to our entire satisfaction.

I was going to add office boy to the list, but Mr. Pugh contends that he never worked as an office boy (that word "worked" is not used with any invidious meaning!), because when hired by Mr. Heins to be an office boy he was immediately promoted to a junior's position on his arrival at the office!

Miss Lilian A. Ross, who had

been with Heins, Lybrand & Co., came with the new firm, combining in her work the duties of secretary, typist and bookkeeper. I would like to pay a tribute to the loyalty and devotion to her work, which have characterized her during all these years. The Philadelphia office would not seem to be complete were Miss Ross not there.

Mr. Staub came with the firm in 1901. At that time we seem to have had larger offices and a staff of seven. Some day Mr. Pugh and Mr. Staub must write of their experiences in securing their C. P. A. certificates. There were no accounting schools available in Philadelphia at that time, so they became an evening class of their own, of which they were both faculty and student body. Which one was faculty and which one student or whether they changed places from time to time, I do not know. However, they must have been good teachers as well as industrious students, because in due course they both passed the C. P. A. examinations.

Colonel Montgomery's foresightedness was never more fully displayed than in his belief that we should have an office in New York. There were not enough clients of ours in New York then to justify it; in fact, they were very few, but the business organizations were finding it advantageous to establish headquarters there and, looking to the future, it seemed wise to open up there and get in on the ground floor.

The sequel has proven the wisdom of that decision.

Colonel Montgomery opened the office in New York in September, 1902. Two small offices at 25 Broad Street provided all the space needed at that time, but before very long the number of clients increased, so that larger quarters were in order.

As the years went by, offices were opened in Pittsburgh, Chicago, Boston and elsewhere, as is told in our 25th anniversary number.

It was a long step to the Pacific Coast but we could not leave that delightful region uninvaded, although I am not sure that "invaded" is the proper term to be used in describing the expansion of an accounting practice. However, we did not invade—we joined forces in 1924 with the well known accounting firm of Klink, Bean & Company which had been in practice in San Francisco since 1905. I recall vividly the many pleasurable incidents of my visit to the Coast in 1924, when George Klink and his associates, Barton Bean and Clarence Black, were my hosts; I had a royal time.

Mr. Keast, who had been located in Pittsburgh, went to San Francisco as resident partner there. It must have been a particularly fine day when he arrived. He told me later that when they drove all around the city and up on the hills, enjoying the beautiful views and fine cool air, he said to himself, "They will never get me away from here." Now he is so firmly entrenched that the

clients would hold an indignation meeting if he even talked about leaving, and how would the famous old Bohemian Club get along if he were not its treasurer!

Another visit to a different section of the country, which I remember with pleasure, was on the occasion of the consolidation in 1930 of the firm of Peter and Moss of Dallas, Texas, with ours, resulting in the establishment of an L. R. B. & M. office in that city.

#### *Pennsylvania Institute of Certified Public Accountants*

Philadelphia was my birthplace. I lived there most of my life until, in 1908, the call came to remove to New York. It was in Philadelphia that I met my partners, it was there that my earliest experience in accounting was gained, it was in that city I made friendships with fellow accountants and there that I first joined with them in organization activities.

Naturally I have a warm feeling in my heart for Philadelphia and for the many friends there. Our Philadelphia office is the old "home" office and will always so remain in the affection of those of us who spent so many busy and happy years in it.

It was shortly before we formed our firm of L. R. B. & M. that the Pennsylvania Association of Public Accountants was organized. The New York Society having been formed and a C. P. A. law enacted there, it was believed that Pennsyl-



vania should make a move in the same direction. To this end a letter signed jointly by J. E. Sterrett and his partner, John W. Francis, was sent in March, 1897, to their professional brethren inviting them to attend an informal meeting at which the subject might be discussed.

George Wilkinson, in the course of a most interesting address delivered on the occasion of the thirtieth anniversary of the Pennsylvania Institute, tells of a little incident which indicates how vital it was, in their opinion, to secure the co-operation of Mr. Heins and how everyone almost stood in awe of him. I quote from Mr. Wilkinson's remarks:

We have it on good authority that Mr. Sterrett fully measured the difficulty of promulgating such a radical departure in our most conservative city. Obviously it would be an advantage to secure the co-operation of the big, little man at 508 Walnut Street, so Mr. Sterrett took the precaution to present personally his letter of invitation to Mr. John Heins, then ex-president of the American Association of Public Accountants. The letter was handed by Mr. Sterrett to Mr. Heins' personal attendant—no less a personage than Robert H. Montgomery—who at once secured a private interview for the missionary. Thus was Mr. Heins won over against his personal prejudice to accept an invitation to the meeting.

The Association was formed—John Heins was elected president, J. E. Sterrett, secretary and W. M. Lybrand, treasurer. Then came the effort to secure a C. P. A. law for Pennsylvania.

The active work of looking after the bill in Harrisburg was placed in the hands of Charles N. Vollum. He was one of the four or five leading accountants in Philadelphia when I was in Mr. Heins' office. He was active in the organization of the Pennsylvania Institute and particularly so in the movement to secure a C. P. A. law for Pennsylvania. His son, Robert B. Vollum, one of the five charter members of the Pennsylvania Institute still surviving, is in practice in Philadelphia now.

When the C. P. A. bill was before the Legislature at Harrisburg, I remember going there with Mr. Vollum. He knew Senator Penrose and some of the legislators and he wanted to interest them in the bill if he could. While walking through the capital grounds, we suddenly met Senator Penrose and Israel Durham (a Pennsylvania "leader") discussing affairs of state, let us hope, and not the appointment of some henchman to a position he would be eminently unqualified to fill. Mr. Vollum went into action at once. He seized Senator Penrose by the coat tails, figuratively speaking, and poured out his story. Senator Penrose—huge, handsome—listened with grave attention. I was impressed, in thinking about it later, by the way Mr. Vollum availed himself of that opportunity instead of trying to make a more formal appointment.

The C. P. A. law finally was en-

acted. It is a good law and has stood the test of time. Now, apparently, some of the younger generation of lawyers and accountants are not satisfied to let well enough alone but want to tack on numerous provisions which probably will not add to the joy of living, as far as the accountants are concerned.

Another of the Philadelphia pioneers was John W. Francis, with whom J. E. Sterrett was associated first as an assistant and then as partner. All who knew Mr. Francis were impressed by his sincerity, his sound judgment and his vision of the future of accountancy. He was, as has been told, one of the first to advocate the formation of an accountants society and though elderly at that time he was ready to serve it in any way that he could.

In Mr. Sterrett's biographical sketch he mentions that Mr. Francis came to Philadelphia to take charge of the office of Bement & Dougherty, machine tool manufacturers. He not only kept the financial books but worked out a system of factory cost accounts. The reference to the cost accounting system was of especial interest to me because my very first job was in that office and I worked on those cost records. Of course I did not know until long after that the system had been installed by Mr. Francis.

In Mr. Ross' reminiscences he has written of the part played by the

various members of our firm in the activities of the Pennsylvania Institute. I fear, however, that he has been too modest to allow his services to it to be revealed to anything like their full extent. I have been rereading some of the reports of anniversary and other Institute meetings and they disclose how intensely interested he has been in its work and how ready to aid in anything that would redound to the good of the profession.

It was a treat to attend the fortieth anniversary banquet held in April, 1937. Of the fifteen charter members of 1897 only five survive, three of those being Mr. Ross, Colonel Montgomery and myself. Mr. Ross presided as toastmaster, as he had done at the thirtieth and twenty-fifth anniversaries. It was a delightful evening of greetings and reminiscences, ending with a clever speech from a member of the Philadelphia bar.

In spite of advancing years, one doesn't always feel old, and I must say it was something of a shock the next morning to find our pictures in a Philadelphia newspaper with the title "Veterans of the Accounting Profession" or something to that effect, displayed prominently.

A trip to Philadelphia always serves to revive memories of incidents that happened to me when I was still located at our Philadelphia office. I shall never forget one little occurrence, not in Philadelphia itself but in a city not far distant; it

was back in the good old "horse and buggy days."

It was night—the scene was a factory office. I was seated at a roll top desk, lighted by a kerosene lamp placed on it, busily "writing up" the private books. The president of the company, the treasurer and the bookkeeper stood by looking on. All was peaceful.

Just then the bookkeeper, out of the goodness of his heart, took up the lamp to give me more light. Unfortunately he picked it up by the top, which came off, and the lower part with the wick blazing, dropped on the desk. You never saw a quicker shift back from that desk than I made. All was excitement for a moment but someone retrieved the lamp, blew out the flame, and what might have been a very serious accident resulted in nothing more than some oil spots on the books, and nerves a little shaken for the moment.

The president made some pertinent remarks (I won't repeat them) and the work proceeded. By and by it was completed and we all drove back through the dark night to the city, over a seemingly endless number of freight tracks, slowing down or speeding up the old horse to dodge freight cars which were being shifted into the warehouses that lined the road. If Mr. B— should happen to read these lines he will remember the incident. He and I are the only ones of that group now living.

### *Conventions and Congresses*

When Edwin Guthrie, John Heins, and the other organizers, totaling six in number, formed the American Association of Public Accountants in 1887 they naturally had great hopes for its future. At the same time they must have had visions of a long and arduous struggle before accountancy would enjoy anything approaching the reputation of the older professions such as law and medicine.

They were wise enough, however, to know that the first step in that direction should be the formation of a society of practitioners, so that their combined efforts might be used in promoting any measures helpful to the profession as a whole. The growth in membership of the first national society has far surpassed, I am sure, the most optimistic predictions of its six organizers, for now, in 1938, it has reached a total of approximately five thousand.

As I look back over my experiences I realize how fortunate it was for me to have been privileged to witness the formative activities of the accounting profession. It was my good fortune to number among my friends many of those leading accountants who gave so freely of their time and ability to aid in the development of the profession to that respected position it occupies today.

In this article I shall not attempt to review the history of the Institute

or of the other national societies that were formed, lived out their day, and were ultimately merged with it. However, I do want to refer to certain of their proceedings which were of some importance at the time and which are not without interest now.

*Federation of Societies of Public Accountants in the United States of America*

The Federation was formed in October, 1902. It merged with the American Association of Public Accountants in 1905. In the meantime, it had done good work and had accomplished its object of extending into a wider sphere the influence of a national organization, a function which many at that time believed was not being performed adequately by the American Association.

In Bulletin No. 3 of the Federation is the report of its second annual convention held in Washington, October 20, 1903. Delegates from six state societies were present, those from Pennsylvania being J. E. Sterrett and R. H. Montgomery. I was there by virtue of my position as president of the Pennsylvania Institute.

There are interesting bits in the various reports. President MacRae, who was also president of the New York State Society of C. P. A.'s, observed that "The New York State Society by fostering the New York University School of Com-

merce, Accounts and Finance . . . has facilitated the training of the young members of the profession and the C. P. A. law of New York has established the standard which, if followed in other states, . . . will establish a uniform standard of efficiency throughout the union." That was written thirty-five years ago.

Mr. Teichmann (president of the Maryland Association) reports having had "considerable correspondence with members of the national legislature and with high government officials, including President (Theodore) Roosevelt, Secretary Cortelyou and Attorney General Knox."

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Sir Arthur's high professional ideals and his charming personality won him friends wherever he went

and the following tribute paid to him by the President of the American Institute at the time the Endowment Fund was established expresses both the respect and affection in which he was held:

All the older members of the American Institute of Accountants will recall the fine personality of Mr. Arthur Lowes Dickinson—as he was then known—Sir Arthur Lowes Dickinson, as he is now, because of his services to his country in its time of need. During his residence in the United States he was found foremost in every effort to advance the interest of the professional accountant, using his talents and his influence, both of which he possessed in a marked degree, to secure the enactment of legislation for the regulation of the profession and for the protection of its ethical practitioners.

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lines of the C. P. A. examination, namely, theory of accounts, practical accounting, auditing and commercial law. Mr. Ross has written of this school in his paper. Two of the four instructors were members of our firm, one being Colonel Montgomery and the other myself.

In the report I said:

The total enrollment was nineteen, which was about the capacity of the room of the members' office in which the class was held. This number was obtained without solicitation or advertising and indeed an effort was necessary to keep down the number rather than to add to it. Each of the four instructors arranged for a course of about twelve lectures extending from October to May. The class met once each week for two hours, two subjects being covered in one evening, and the remaining two the next week, and so on alternatively.

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or of the other national societies that were formed, lived out their day, and were ultimately merged with it. However, I do want to refer to certain of their proceedings which were of some importance at the time and which are not without interest now.

*Federation of Societies of Public Accountants in the United States of America*

The Federation was formed in October, 1902. It merged with the American Association of Public Accountants in 1905. In the meantime, it had done good work and had accomplished its object of extending into a wider sphere the influence of a national organization, a function which many at that time believed was not being performed adequately by the American Association.

In Bulletin No. 3 of the Federation is the report of its second annual convention held in Washington, October 20, 1903. Delegates from six state societies were present, those from Pennsylvania being J. E. Sterrett and R. H. Montgomery. I was there by virtue of my position as president of the Pennsylvania Institute.

There are interesting bits in the various reports. President MacRae, who was also president of the New York State Society of C. P. A.'s, observed that "The New York State Society by fostering the New York University School of Com-

merce, Accounts and Finance . . . has facilitated the training of the young members of the profession and the C. P. A. law of New York has established the standard which, if followed in other states, . . . will establish a uniform standard of efficiency throughout the union." That was written thirty-five years ago.

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listening to the singing of the Star Spangled Banner.

The report goes on to say "full particulars of this important matter have been sent out to all concerned in Bulletin No. 2." How important such documents seemed to be at the time, but how that importance fades in the passing of the years!

The story of the first international convention held in this country is told in the following section. That convention was a real milestone in the progress of accounting in the United States and to George Wilkinson are we chiefly indebted for its success.

*First International Congress of Accountants, 1904*

This Congress was held in St. Louis in 1904 under the auspices of the Federation of Societies of Public Accountants. It was really an important meeting and a very successful one. Remember that it was held thirty-four years ago, when the American Association of Public Accountants had a membership of only one hundred and forty and the New York State Society of Certified Public Accountants a membership of only one hundred. The state societies which were members of the Federation had a total membership of only about two hundred practitioners. It took courage to organize an international meeting under such conditions.

George Wilkinson was secretary

of the Federation and to his unselfish devotion to the work much of the success of the Congress was due.

It is interesting to review the proceedings and to note the names of the men who addressed the conference, and the subjects of their papers; men who were already prominent in accounting circles but who achieved greater eminence as the years passed.

Among them was J. E. Sterrett (permanent chairman), whose address on taking the chair demonstrated his clear conception of the duties, responsibilities and opportunities of a public accountant and what the profession, as a whole, should seek to accomplish in the years to come.

I first knew Mr. Sterrett in Philadelphia when he was a partner of John W. Francis, one of the four leading accountants in that city. In Mr. Ross' paper he wrote of Mr. Sterrett's work in the Pennsylvania Institute and told of his interest in its educational work for young men and in all the activities that helped to develop the profession as a whole. My readers are familiar with the outstanding features of Mr. Sterrett's career; his eminence as an accountant, his devotion to the interests of the profession and the important services rendered by him to the government on various occasions. I treasure his memory and am happy to have been counted as one of his friends.

Elijah W. Sells was there as

chairman of the committee which undertook to have papers written on municipal accounting. Mr. Sells was eminently fitted to be chairman of a committee dealing with that subject. It was divided into four sections; the names of the authors of these papers are firmly established in the roster of accountants: Harvey S. Chase, Henry W. Wilmot, F. A. Cleveland and Ernest Reckitt.

Another paper of permanent value was that prepared by Robert H. Montgomery, "The Importance of Uniform Practice in Determining Profits of Public Service Corporations Where Municipalities Have the Right to Regulate Rates." The paper was considered to be of such interest that a special committee was appointed to review the paper and report on it to the Congress, which they did.

A. Lowes Dickinson was chairman of the committee on arrangements. His interest in this Congress was typical of that fine spirit of professional helpfulness that was characteristic of him during all the years of his sojourn in this country. The development of good accounting procedure and presentation of financial data owes much to Sir Arthur. His paper on this occasion was entitled "Profits of a Corporation." The principles he then enunciated are as applicable today as when the paper was written.

The inimitable George Wilkinson wrote of "The C. P. A. Movement and the Future of the Profession of

the Public Accountant in the United States." No one was better fitted to discuss this subject at that time than Mr. Wilkinson.

In attempting to compress into a few words something that will indicate his career as an accountant, I cannot do better than repeat the brief biographic sketch that appeared at the time of his decease in 1932:

He was one of the pioneer accountants of America and had been active in state and national professional accountants' societies for many years. . . . He organized and was largely responsible for the success of the first international congress on accounting held at St. Louis in 1904 and for several years was secretary of the Federation of Societies of Public Accountants in the United States of America. He was a prime mover in bringing about the amalgamation of two national societies in 1905 when the American Association of Public Accountants absorbed the Federation of Societies of Public Accountants. He was the author of many articles on accountancy and was well known as a speaker on professional subjects.

But no words, however laudatory, could set forth the real George Wilkinson as we knew him—that vibrant personality, that good fellowship, that devotion to the profession which characterized him. He was alert, mentally and physically. I think it was from him that I first heard that classic expression "holler and tick" to describe the procedure in making the old-fashioned detailed audit—the senior "holled" and the junior "ticked." That routine, stereotyped method of veri-

fyng the accounts was not one that would appeal to him. His active mind was always on the lookout for new methods of doing accounting and auditing work more effectively.

Among the foreign visitors was Francis W. Pixley of London, a member of the legal profession as well as an accountant, and a former president of the Institute of Chartered Accountants in England and Wales which, even at that time, had more than three thousand members. Colonel Pixley presented a scholarly paper on "The Duties of Professional Accountants in Connection with Invested Capital." After all these years this paper can still be read with interest and profit.

St. Louis was not kind to Colonel Pixley, so far as his personal comfort was concerned. Although late in September, that can be a hot time in St. Louis, and it was so indeed on that occasion. Colonel Pixley evidently came totally unprepared for a temperature as high as the one he experienced and, dressed in his heavy English clothing, he suffered greatly from the heat. Mr. Staub said that long after, in calling on Colonel Pixley at his office in London, he spoke of how much he had been discommoded by the heat and disturbed internally by the large quantities of ice water he had been led to drink to offset the heat; in fact, he said it took him a year to get over it!

In responding to a toast at the International Congress in London,

in 1933, Colonel Montgomery referred to this incident:

I am not sure that in St. Louis and in New York the British delegates always wanted to attend the almost continuous and highly technical sessions usually held in terrifically hot weather (and they always wore too many clothes), but they were such thoroughly good sports that they never dreamt of letting their hosts down. Their energy and interest were unbounded. They discussed every subject. They were always sure that they were right, and sometimes they were! I am afraid that the delegates and visitors at this Congress will not do half so well, but we do not have their reputation to sustain.

I have come to the conclusion that a nation is great in direct proportion to the number of professional accountants within its borders. Go to any place you like in the world, and there you will find the British accountant. Visit England, and you will find him represented in all that has made Britain great. And this goes on even though you have a most terrible climate and you wear too many clothes in hot weather.

It was not long after Colonel Pixley's visit to this country that we made arrangements with his firm, Jackson, Pixley & Company, to represent us in London, we to act for them in the United States. This arrangement continued until we opened our own office in London.

The following is an extract from an interesting article written for the *JOURNAL* by Mr. Henderson on the occasion of his visit to Scotland in 1923:

One of the most interesting hours spent by me in London was with Mr.

Pixley, senior partner of the firm. He was not in the best of health and was on the eve of leaving for Wales to undergo some treatment. Notwithstanding this ailment, he received me in a most cordial manner and after an hour's chat I departed feeling that I had been entertained by one of England's most charming gentlemen.

Mr. George O. May was located in St. Louis in 1904. His activities in behalf of the Congress added materially to its interest, as is evidenced by the cordial greeting he received from his colleagues at the final luncheon. To him was due the presence of Governor Francis and the Mayor at the Congress.

There is one of our partners who will never forget the Congress. His introduction to the audience, made by the chairman, Mr. Sterrett, will tell you how he came to be there. To all that Mr. Sterrett said we subscribed a hearty amen. I quote:

The profession of the Public Accountant is a little different in some respects from most other professions. There is such an amount of detail in connection with our work that it is impossible for principals to handle matters without a well organized, capable corps of assistants, and the relationship of the principal to the assistant is one that has brought forth a good deal of thought, and the last word has by no means been said upon it yet. The Committee in preparing the programs very wisely decided that the assistant should be included in this Congress, and that an opportunity should be given to assistants in the offices of the members of the profession in this country to prepare papers which were to be submitted to a Literary Committee; a prize of \$50 being offered for

the best paper. These papers were submitted without the authors' names or other direct means of identification being attached to them. They were sent to the Secretary, and by him submitted to the members of the Literary Committee, each one of whom read every paper, and they came to a unanimous decision in awarding the prize. The number, I think, that was attached to the prize paper was 333, and upon looking up the index, which was kept separate and distinct, it was found that this number applied to a young man from Philadelphia who has been employed for a number of years in the office of one of the leading firms in that city. It is a very pleasant thought to me, indeed, that he comes from my own city and that I have his personal acquaintance and friendship. I know that he is a self-made man, a graduate of that noble institution of ours, Girard College, and that he has, by hard work and careful preparation, passed the C. P. A. examination of the State of Pennsylvania and holds a certificate as a certified public accountant.

The prize paper will now be read, on "The Mode of Conducting an Audit" by its author, Mr. Walter A. Staub.

I want to speak of our old friend, M. E. H. van Dien of Amsterdam, who attended the Congress. He told us then about the profession in Holland and what they were doing to develop it there. Last Autumn, thirty-three years later, on the occasion of the 50th anniversary of the American Institute, Mr. van Dien was with us again. At the luncheon to the foreign delegates given by Colonel and Mrs. Montgomery at their home in the country, Mr. van Dien recalled with pleasure his previous visit in the United States, and

said how happy he was to enjoy the Colonel's hospitality on this occasion.

*American Association of Public  
Accountants, Atlantic City  
Convention, 1908*

In the introductory note to the year book of 1908 T. Cullen Roberts, who was the secretary of the Association, refers to the celebration of the "Coming of Age" of the organization. It had lived an eventful twenty-one years.

Mr. Roberts in his report says that the first recorded meeting was held on December 2, 1887 in the office of Barrow, Wade, Guthrie & Company in New York. John Heins was one of those present.

George Wilkinson, however, has pointed out that prior to that time Mr. Edwin Guthrie, then the senior member of the firm, had discussed the matter with Mr. Heins and Mr. John W. Francis in Philadelphia, and he avers that "it was right there in the City of Brotherly Love that the American Association of Public Accountants was first talked about." I remember Mr. Heins telling me about the visit of Mr. Guthrie to Philadelphia. Mr. Heins evidently esteemed him highly.

However the Association may have first been begun, it *was* formed. It and its successor, The American Institute of Accountants, have had a great history and through the devotion of their officers and members, the Institute has arrived at a com-

manding position in the accounting world.

The Federation of Societies of Public Accountants, formed in 1902 to encourage the establishment of state societies and to bring those societies into closer relationship with each other, was subsequently merged with the Association.

The American Association's name was later on changed to the American Institute of Accountants, and from time to time changes in its structure have been made so that it might adequately fulfill its obligation to its members and increase its usefulness to them.

The last major step in that direction was the merger of the American Society of Certified Public Accountants with the Institute. This was accomplished during the presidency of Colonel Montgomery and it is not too much to say that to his untiring efforts and to his leadership was due the successful outcome of the movement to amalgamate the two organizations.

Now that it has been accomplished, the members of both societies approve of it, practically unanimously. It was a great achievement.

The president of the Association at the time of the Atlantic City Convention was Elijah W. Sells. It was a privilege to have enjoyed the friendship of Mr. Sells. To know him was to esteem him. His name, and that of his partner, Charles Waldo Haskins, stood for leader-



ship in the accounting profession, and for a belief in its growth to a larger field of responsibility and service.

Adam A. Ross was chairman of the special session at which greetings were extended to the delegates representing societies outside of the United States.

His first duty, or rather pleasure, was to present that distinguished accountant and charming man, Mr. William Plender, later Lord Plender, whose address was in a happy vein—greetings and congratulations from the Institute of Chartered Accountants. It closed with a peroration so fine that I must quote it:

I may perhaps be pardoned if I say that from boyhood I have always cherished a love for America. It is over twenty years since I first visited this country and I see great changes, great developments, and vast improvements. I was born in the year the Civil War ended, and I can remember well my father telling me, as a child at his knee, of that supreme conflict out of which grew a great and all-powerful Nation. The hope was then kindled in me—since fulfilled—of visiting some of the scenes where the long-drawn battles took place. I never walk through the streets of Richmond without thinking of the heroic figure which touched the imagination of the world—unprotected by police and unguarded by soldiers—who, after the seizure of the city by the Federal troops, walked alone to the Capitol, worshipped by those to whom his efforts brought freedom. If we, in the exercise of our work, would take as our type the high character, the patience, and the untiring industry of Abraham Lincoln, we would, as members of no mean profession, make

that profession honored in the countries in which it is our privilege to live and whose communities it is our happiness to serve.

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Mr. Richard Brown, secretary of the Society of Accountants in Edinburgh and one of the delegates from that society, made a most interesting address. This Edinburgh Society is, I believe, the oldest of that group of accountants' associations in the British Isles.

In his address Mr. Brown mentioned that no less distinguished a person than Sir Walter Scott wrote of the profession of accountancy as "a highly respectable, attractive and lucrative branch of legal practice," as it had always been regarded in Edinburgh. He described the qualifications for it as "steadiness, caution and assiduity." Admirable sentiments as true today as when expressed so long ago.

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At this convention an important paper was read by A. Lowes Dickinson entitled "Accounting Practice and Procedure." As is true of all that Sir Arthur wrote, this article will repay anyone who reads it today.

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The title of the paper which I prepared for the convention was "The Accounting of Industrial Enterprises." In rereading this article, written thirty years ago, I was interested to note the rather cautious expressions regarding certain procedures which we now take for

granted shall be followed. One such instance was that of the treatment of intercompany profits in inventories. The elimination of such profits is approved, but that the more strict application of that principle was a later development, is evidenced by my not very firm insistence, at that time, that it should be applied in practically all cases.

Brief reference is made to "capital surplus." The occurrence of various surplus accounts other than "earned" surplus was not then so frequent, apparently, as it has been since, due to appraisals, rearrangement of capitalization and the like, or perhaps we had not then been educated up to the point of differentiating so closely between the various kinds of the much discussed and sometimes elusive balance called "surplus."

Considerable space was devoted to the discussion of depreciation. Two sentences which are quoted below indicate how far we have advanced in the consideration of the subject since that paper was read thirty years ago. In it I write of the interest then being displayed by accountants, economists, federal and state accounting authorities and say "Happily, material progress has been made in that the *fact* of depreciation is now generally admitted, whereas it was formerly strenuously denied or at least ignored."

Again, in commenting on the consolidated income account, I said, with reference to the position of the

depreciation provision in the income account, that logically it should be deducted before the balance of current profits is stated because it is directly connected with operating "but as heretofore remarked, depreciation statistics are not sufficiently accurate and the practice of reserving for depreciation is not yet common enough to justify the inclusion of such charges with the ordinary operating costs. Further, if stated separately, attention is drawn to the fact that a reserve for depreciation has been made and to the amount of that provision."

The discussion following the reading of the paper was interesting to review. In discussing consolidated balance sheets, I had in mind that of the United States Steel Corporation, and Mr. George O. May's observations respecting some of the points I had tried to make were of special interest to me.

It is a far cry from 1908 to 1936. In the latter year was published "Twenty-five Years of Accounting Responsibility" by George O. May. This book is of unusual interest and importance because of the author's eminence in his profession and his philosophical approach to the many problems that have arisen during that period in the accounting and economic fields.

#### *National Association of Cost Accountants*

This association was organized at a convention held in Buffalo during

October, 1919. In a small bulletin published soon after, it was remarked that there could be little justification for adding even one more to the great number of existing associations unless this new organization could be of assistance to modern business in a field not then served adequately by existing associations.

That the formation of the N. A. C. A. has been abundantly justified, I believe, is evidenced by its growth in membership and in influence during the years. It now has fifty-two chapters and a membership numbering over sixty-five hundred. Its officers, directors and chapter officers are worthy of all praise for the time and energy they devote to its activities. Its publications are of interest and value, its chapter meetings are well planned with programs that should be helpful to the members, and in many other ways it serves the interest of business and of cost accountants.

Such is Secretary McLeod's activity, good-fellowship and devotion to his work that one cannot think of the Association without coupling him with it in one's mind. He has been its secretary almost since it was organized. Presidents and boards of directors may come and go but Doc McLeod continues and we want him to do so. The Association would not seem the same if he were not in it to encourage, to guide, to admonish and generally to do all those things which a secretary should do and which, in his case, are

done to add to its prestige and its usefulness to its members.

The founder and first president of the Association was J. Lee Nicholson, who issued the call for the organization meeting which was held in Buffalo on October 13 and 14, 1919.

Major Nicholson was a factory cost specialist. His firm was known for its work in industrial engineering and cost accounting upon which he began to specialize in 1901. It is interesting to note that his career was another example of how in America it was possible to rise in business or professional circles from a lowly beginning, for his biographer writes that he began his business career as an office boy with a bridge company. We pay tribute to his memory for his part in organizing the N. A. C. A.

It was an interesting group of men who gathered together in Buffalo that day, now nearly twenty years ago. Walter Gee was one of them. Cost accounting and kindred work had always seemed to him to be a feature of public accounting practice that might be developed to advantage and he was naturally interested in an organization which had for its object the study of cost accounting procedures. He was elected a director at that meeting and later on was president of the Association.

Another member of our firm, William F. Marsh of Pittsburgh, has been active in the Association. After serving in various capacities during

the years, he was elected president in 1937. It is very gratifying indeed to have a third partner in our firm elected to that position, one that involves a lot of hard work but which is more than compensated for by the pleasure of meeting the men interested in the society and the satisfaction of doing something to help in the progress of cost accounting in business operations.

I always note with pleasure the part played by our various offices in the work of the Association and I hope it will continue on an increased scale. An early member was Barton T. Bean, one of our San Francisco Associates. He joined in 1922 and served as a director on the National Board for two terms. He had always been interested in development of improved business and accounting methods and the work of the N. A. C. A. was bound to appeal to him.

I was the second president of the Association and I shall always remember with pleasure the good times the secretary and I had as we traveled around, attending meetings and organizing new chapters. The interest in cost accounting was such that requests came from time to time for an address on that subject.

In 1921 an invitation came from the Illinois Manufacturers Association to address their annual meeting in Chicago. The title of my paper was "How Can Cost Accounting Best Aid the Manufacturer." An endeavor was made to point out procedures in cost accounting which

would furnish helpful information promptly so that by the use of that data greater efficiency might be attained, production increased, and costs reduced. Instances were cited in which intelligent use of cost accounts had added materially to the profits.

I remember the occasion with pleasure. It was a fine, intelligent audience, who gave close attention to everything that was said and who seemed to absorb understandingly any suggestions or comments in the paper which might have a bearing on manufacturing operations.

In September, 1924, an invitation was received to address the convention of the Dominion Association of Chartered Accountants in the Chateau Frontenac, Quebec. It is never a hardship to visit that grand old city and I accepted the invitation with pleasure.

At that time international discussions were taking place in the League at Geneva and I referred to the noble speech made by the then British Premier, Ramsay MacDonald. It makes one grieve to recall the hopes that were then entertained as to the usefulness of the League and its ability to settle international quarrels and realize now how lamentably those expectations have failed to materialize.

At one time, on a visit to England, I met the Secretary of the British Cost Association, to whom Secretary McLeod had written. It was interesting to discuss cost account-

ing with him and to compare methods used in the United States and Great Britain. The association there was small in numbers compared with ours.

At that time the honorary president was Lord Leverhulme. He was a great British industrialist. Born in 1851, he went into his father's business, opened a branch which was soon more profitable than "headquarters." He subsequently leased a small unsuccessful plant and from that very modest beginning built up a huge business, whose ramifications extended all over the world. He was a man of vision who, well in advance of his times, believed in modern industrial methods, such as factories with good working conditions, model villages, pensions, long service awards, staff college training and the like. He was made Viscount Leverhulme in 1918. Such a man would naturally be interested in cost accounting and its development in the United States.

Lord Leverhulme very kindly invited me to have luncheon at his home in Hampstead.\* He was keenly interested in things American and seemed to be well versed in accounting matters. After conversing with him you could understand how it was that he had achieved such a

success in his business career; his ability along those lines was evident. After luncheon we strolled through the art galleries of his mansion, admiring the many beautiful paintings and other works of art.

#### *Contrasts, 1887-1937*

A half century ago the American accountant was practically unknown and often referred to as "a book-keeper out of a job." Sometimes the words "who drinks" were facetiously added to that description.

In the late eighties the presence of outside auditors at an establishment might give rise to gossip as to its financial condition. The audit of a bank would be made as secretly as possible. Other work would be done away from the public eye—in private rooms or after business hours. I still recall that in some early assignments, the members of the staff assigned to the work were told to enter the building separately at different times rather than in a body.

How different that was from the present day recognition of accountants. Audited statements are looked for and, in the case of listed companies generally, are required. Accounting services are in demand by the large business organizations in connection with their cost accounts and other records designed to furnish prompt and accurate figures for management and stockholders. An added factor has been the public accounting work necessitated by in-

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\*I have just received notice of the Seventh International Management Congress, which is about to be held in New York, and note with interest that the guest of honour is to be the Right Honourable Viscount Leverhulme. He is evidently the son of my host and sat next to me at the luncheon above referred to.

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I was the second president of the Association and I shall always remember with pleasure the good times the secretary and I had as we traveled around, attending meetings and organizing new chapters. The interest in cost accounting was such that requests came from time to time for an address on that subject.

In 1921 an invitation came from the Illinois Manufacturers Association to address their annual meeting in Chicago. The title of my paper was "How Can Cost Accounting Best Aid the Manufacturer." An endeavor was made to point out procedures in cost accounting which

would furnish helpful information promptly so that by the use of that data greater efficiency might be attained, production increased, and costs reduced. Instances were cited in which intelligent use of cost accounts had added materially to the profits.

I remember the occasion with pleasure. It was a fine, intelligent audience, who gave close attention to everything that was said and who seemed to absorb understandingly any suggestions or comments in the paper which might have a bearing on manufacturing operations.

In September, 1924, an invitation was received to address the convention of the Dominion Association of Chartered Accountants in the Chateau Frontenac, Quebec. It is never a hardship to visit that grand old city and I accepted the invitation with pleasure.

At that time international discussions were taking place in the League at Geneva and I referred to the noble speech made by the then British Premier, Ramsay MacDonald. It makes one grieve to recall the hopes that were then entertained as to the usefulness of the League and its ability to settle international quarrels and realize now how lamentably those expectations have failed to materialize.

At one time, on a visit to England, I met the Secretary of the British Cost Association, to whom Secretary McLeod had written. It was interesting to discuss cost account-



ing with him and to compare methods used in the United States and Great Britain. The association there was small in numbers compared with ours.

At that time the honorary president was Lord Leverhulme. He was a great British industrialist. Born in 1851, he went into his father's business, opened a branch which was soon more profitable than "headquarters." He subsequently leased a small unsuccessful plant and from that very modest beginning built up a huge business, whose ramifications extended all over the world. He was a man of vision who, well in advance of his times, believed in modern industrial methods, such as factories with good working conditions, model villages, pensions, long service awards, staff college training and the like. He was made Viscount Leverhulme in 1918. Such a man would naturally be interested in cost accounting and its development in the United States.

Lord Leverhulme very kindly invited me to have luncheon at his home in Hampstead.\* He was keenly interested in things American and seemed to be well versed in accounting matters. After conversing with him you could understand how it was that he had achieved such a

success in his business career; his ability along those lines was evident. After luncheon we strolled through the art galleries of his mansion, admiring the many beautiful paintings and other works of art.

#### *Contrasts, 1887-1937*

A half century ago the American accountant was practically unknown and often referred to as "a book-keeper out of a job." Sometimes the words "who drinks" were facetiously added to that description.

In the late eighties the presence of outside auditors at an establishment might give rise to gossip as to its financial condition. The audit of a bank would be made as secretly as possible. Other work would be done away from the public eye—in private rooms or after business hours. I still recall that in some early assignments, the members of the staff assigned to the work were told to enter the building separately at different times rather than in a body.

How different that was from the present day recognition of accountants. Audited statements are looked for and, in the case of listed companies generally, are required. Accounting services are in demand by the large business organizations in connection with their cost accounts and other records designed to furnish prompt and accurate figures for management and stockholders. An added factor has been the public accounting work necessitated by in-

\* I have just received notice of the Seventh International Management Congress, which is about to be held in New York, and note with interest that the guest of honour is to be the Right Honourable Viscount Leverhulme. He is evidently the son of my host and sat next to me at the luncheon above referred to.

come tax legislation and governmental regulation, both federal and state.

A pronounced change has taken place in the form of accountants' certificates. Most of my readers are familiar with the standard form recently adopted by the American Institute and the previous discussions leading to its adoption. How very different it is from the old "Audited and found correct," with the lifesaving notation "E. & O. E." sometimes added. These initials were to be read as "Errors and Omissions Excepted." Mr. Heins would not countenance their use—he said it meant "Errors and Omissions Expected."

One of the greatest advantages the modern accountant holds over the pioneers is the accessibility of literature on accounting subjects. In the early days of which I speak, the accountant could not turn to authoritative books or interpretations by Committees on Terminology for solace. Progress was made chiefly through personal experiences. The handicaps were great. Not the least of these was the confusion due to the difference between the accounting technique and business methods of this country and foreign countries, chiefly Great Britain.

It was in 1905 that Colonel Montgomery entered into an arrangement with Lawrence R. Dicksee to publish an American edition of the latter's book *Auditing: A Practical Manual for Auditors*, the purpose

being to adapt it to American conditions. It is not too much to say that this volume in 1905 marked the virtual beginning of an American literature of accounting. This first book of Colonel Montgomery's developed into *Auditing Theory and Practice* first published in 1912. The fifth edition of that book was published in the winter of 1934.

*The Journal of Accountancy* first saw the light of day in 1905. The first magazine in this country which was published in the interests of public accountancy was established in Philadelphia seven years earlier, that is, in 1898. It was called *The Public Accountant* and its publication was under the supervision of the Executive Committee of the Pennsylvania Association of Public Accountants. I had the experience of being the first secretary of the publishing corporation.

In time, there appeared for the guidance of the practitioner "Approved Methods for the Preparation of Balance Sheet Statements," published in 1917, and later superseded by "Verification of Financial Statements" prepared by the American Institute in 1929 and published by the Federal Reserve Board, which latter, in turn, was revised by "Examination of Financial Statements by Independent Public Accountants" prepared and published by the American Institute of Accountants in January, 1936.

Space does not permit me to mention other of the outstanding au-

thoritative works which, when they made their appearance, were welcomed by the struggling accountant.

On a previous page I made reference to the lack of accounting schools. I might add here the observation that when the evening courses established by the Pennsylvania Institute of Accountants were first held in 1902 the class of nineteen students paid a fee of only \$10 each for the entire course. A rather inauspicious genesis as respects tuition fees, for what eventually developed into the Wharton Evening School, at the University of Pennsylvania, one of the outstanding accounting educational institutions of today.

No more conspicuous was the establishment of evening classes by the New York State Society in 1901 resulting in The New York University School of Commerce, Accounts and Finance. A great part of the credit for this movement must go to Charles Waldo Haskins. I need go no further than quote the following editorial which appeared in the October, 1910 issue of *The Journal of Accountancy*:

A UNIVERSITY MEMORIAL FOR AN  
ACCOUNTANT

The New York University School of Commerce, Accounts and Finance next month will honor the memory of its first Dean, the late Charles Waldo Haskins, by special exercises and by the unveiling of a memorial tablet which is to occupy a conspicuous position in the University Building in Washington Square. The tablet will show a bust of

Mr. Haskins and a quotation from his writings. This event must be of interest to all accountants in the United States, for it is probably the first time that such honor has been paid by a university to a member of the accounting profession. Mr. Haskins had a wide acquaintance throughout the United States and all who knew him will agree that the accounting profession has never had a more genuine, active and efficient friend. The school to which he gave a great deal of his time during the last few years of his life was founded by New York University as a result of the wise and determined efforts of a group of prominent and public-spirited accountants in New York City. Mr. Haskins became its Dean and organized the teaching staff, remaining at its head until his death in 1903. The School, which now has about 1,000 students, has developed along lines laid out by Mr. Haskins and has many graduates active in the profession. Other universities during the last ten years have founded similar schools and much of the credit for the educational progress, which is of far reaching importance to the accountant, must be given to the man whose distinguished services New York University will commemorate in November.

In time, many of the leading universities of the United States established special schools for the development of accountants, for example, Graduate School of Business Administration of Harvard University and School of Business at Columbia, to mention but two of a large number. This development is one that appeals to all accountants, realizing, as they do, how essential it is that those entering the profession be properly educated and suffi-

ciently informed on accounting technique so that they may render efficient service and uphold the high standards of the profession.

### *Partners' Activities*

In this connection, the aforesaid genial assistant editor made the suggestion that, after telling under what circumstances I met my future partners, I should "dilate on some of their idiosyncrasies." Think of it! No, I couldn't do that—it's too much to ask of even a patient man, anxious to please. And it might be risky for me—suppose *they* should decide to "dilate" on some of my idiosyncrasies!

But I must stop poking fun at the assistant editor. He deserves and has received my sincere thanks for his many helpful suggestions. I think I know what he had in mind—that I should write of their careers, their accomplishments and their eminence in the profession.

However, to do justice in any adequate measure to that subject, while it would be a delightful undertaking, would make me far exceed the limits of this paper. It is too long already. Furthermore, these activities have been set forth in some detail in the twenty-fifth anniversary number of our JOURNAL, and the story will be continued in the article being prepared by Mr. T. E. Ross for the fortieth anniversary issue.

In reviewing the data that had been accumulated in connection with

the proposed anniversary issues of the JOURNAL, it was very gratifying to note how widespread and continuous had been the activities of partners and staff in professional matters. Every office has been represented in some way. There has been participation in the work of the state and national accounting societies as officers, directors or committee members, contributions to accounting and technical publications and addresses on topics related to accounting, taxation and economics.

In the field of accounting literature, very great contributions have been made by Colonel Montgomery. As has been stated, it was as far back as 1905 that there was published the first American edition of Dicksee's *Auditing*, edited by Colonel Montgomery. Subsequent years brought forth his own book on auditing, running into a fifth edition in 1934, and there have been numerous editions of books dealing with taxes, as well as other publications.

In my library of autographed books I have the first copy off the press of the fifth edition of *Auditing*, with an inscription in it from the author. In that library are also two other books which have been autographed by the authors, *Budgeting*, by Mr. Sinclair, published in 1934, and *Retail Merchandise Accounting*, by Mr. Bell, published in 1936. The latest addition from a partner is *A Record of Half a Cen-*

*tury in the Accountancy Profession*, written by Mr. Ross. These are all prized additions to my library.

The growth in size of the business concerns during the last fifty years, the enactment of tax laws federal and state, the reports rendered to regulatory bodies, the issuance of corporate securities and the form and substance of financial statements—all of these developments have demanded, and will continue to demand, thorough consideration, thoughtful discussion and sound recommendations on the part of all members of the profession.

#### *Those Who Have Passed On*

Into any group of men whose companionship began many years ago, inevitably the Angel of Death reaches a hand that cannot be stayed. So has it been with that group of which the partnership of L. R. B. & M. has been composed.

Adam A. Ross, one of the founders of our firm and one of the four whose names make up our firm title, died in 1929. It was hard to realize that a break had come in that long and happy association of the four of us as friends and partners. It had been forty-two years since I first met him in the office of John Heins. We grew up together under the tutelage of Mr. Heins, if that is the correct word to describe his rough and ready methods of instruction and admonition. Then the four of us formed our own firm, not knowing what the outcome

would be, but determined to succeed if it were humanly possible to do so.

Adam was always intensely interested in all the firm's activities. He was the soul of integrity. He believed in a practice built upon a solid foundation—quality of service rendered to the client, adequate and impartial presentation of data to the public, cordial relations with others of the profession and co-operation with them in the work of the professional associations.

He was president of the Pennsylvania Institute of Certified Public Accountants, a member of the State Board of Examiners of the C. P. A. law in Pennsylvania, active in the first international congress of accountants in St. Louis in 1904, and in the twenty-first anniversary of the American Association of Public Accountants in 1908. He served on numerous committees of that Association and contributed articles to its publications and to our *JOURNAL*.

We like to think of his personal characteristics, his culture, his humor, his courage and his friendliness. As an illustration of that friendliness I will venture to relate one little incident that I have often recalled during the years. It happened a long while ago. Something had occurred or some procedure had been discussed about which we had had a difference of opinion. Evidently we had not parted at night in as cordial a way as was customary, for soon after reaching home

there came a call on the phone and Adam's voice saying "Let not the sun go down on thy wrath." If there had been any feeling remaining on my part as an aftermath of that disagreement it would have melted away at the first sound of Adam's voice and the utterance of those words.

Walter S. Gee passed away the last day of the year 1930. His death at the early age of forty-seven cut short a career which had already developed to a high point but which had the promise of continued advancement in his professional life and other interests.

The field of cost accounting was of particular interest to him and, as has been related, he was one of the little group who founded the N. A. C. A. in 1919. He was elected its president in 1930 and during the whole of the intervening time he had been closely in touch with its activities as a director of various committees.

The tributes paid to his memory by members of the profession and from clients are evidence of their high regard for him. I wrote at the time that no firm ever had a more faithful, loyal partner. I like to think of his sincerity, his directness of thought, his belief in our profession, his interest in the welfare of our staff. His warm friendship and his fine qualities of mind and heart endeared him to us. No one could have fitted better into

that group of men who compose our partnership.

Another break came in our partnership ranks in 1933 with the death of Richard Fitz-Gerald, our partner at the Detroit office, the result, his physicians said, of the wounds and gas attack he suffered in the war. He had lived a colorful life. Birth in Ireland—attendance at school there and in India—graduation later from the University of Dublin—service in the British Navy—work on the Singapore Canal—captain's commission in the British Army during the World War—gassed, wounded and left for several hours in No Man's Land—and yet he lived to play an important part in activities of the profession for which he had fitted himself.

He was president of the Michigan Society of Certified Public Accountants, a member of various accounting and other professional societies, and a contributor to various periodicals. He had been soundly educated, read widely, had a brilliant mind, could wield a facile pen. The tribute to him from Doctor McLeod is such a fine pen-picture of "Fitz" that I want to quote from it:

I have just learned of the untimely death of Richard Fitz-Gerald, resident partner of Lybrand, Ross Bros. & Montgomery in Detroit, and I am consumed of a real sorrow because the world has lost a fine Irishman—as fine a type of the grand old product of County Cork as it was ever my privilege to know.



It is hard to understand why at a time like this when mankind needs all the comfort and inspiration we can find, that we should have to part from one who had so much to contribute toward brightening the daily routine of life for those who had the privilege of knowing him. Rich in philosophy, broad in experience, quick of wit, his rich brogue, which never left him, ran like a breath of the shamrock clad hills of his dearly beloved Ireland through every conversation in which he took part. Few men have been privileged to live more in so few years.

Dear old Fitz—cantankerous at times, but lovable always, a loyal friend and an opponent not to be despised.

I recently came across a picture of a little group of men standing beside an airplane. In that group are Tommy Henderson, Fitz-Gerald, Eddie Stinson and myself. It was in Chicago in 1928.

Eddie Stinson had flown over from Detroit in his new training plane, bringing Fitz with him. Fitz knew that I wanted to see the new plane. Eddie took us up. I sat in front with him in the student's seat. The plane had double controls but the "student" on that flight did not try to use them. I remember at one time Eddie, to demonstrate its stability, let the plane fly practically without control, just touching the steering device with the tip of his finger. The plane had windows not only directly in front but lower down, so that one could look down toward the earth as well as out in front. It was quite a thrilling flight

for me but I felt no uneasiness with Eddie Stinson as the pilot.

Eddie had a remarkable career as a flyer; he was one of the oldest and best known pilots in the world. It was the irony of fate for him to meet his death when making a forced landing at dusk, because of the wing of his plane striking a flag-pole that could not be seen.

Albra W. Sharp entered our employ as junior in the Philadelphia office in 1907. He deserved and quickly won recognition as a result of his ability, industry, and devotion to the interests of the firm. On January 1, 1918 he was admitted into partnership. His health, however, was impaired and a very short time thereafter, May 14, 1918, he passed away—the first break in the partnership ranks. It was a tragic close of a promising career.

I have noted elsewhere the amalgamation of the firm of Peter & Moss, Dallas, with our firm in the year 1930. Mr. William P. Peter passed away in 1934. He had been an important contributor to the development of public accounting in Texas, and was active in civic affairs.

I remember well the pleasant experiences I had with him when I was in Texas about the time we joined forces. We visited clients, attended luncheons, went to Houston and discussed the possibility of opening an office in that thriving

city (the office was opened on October 1, 1931). Our long acquaintance with Mr. Peter and the energy and devotion with which he advanced the interests of our firm endeared him to us.

### *Conclusion*

It was worth fifty years to be the recipient of such a greeting as was that which came to me in the form of an Anniversary Dinner. It was splendid, every detail of it. The gifts were worthy of a king. I shall always enjoy these, and above all will I treasure the friendly, the affectionate regard for me, which prompted the celebration and which was so manifest during the evening.

Fate was kind to me when she directed my steps into Mr. Heins' office fifty years ago, thereby initiating me into a new profession in which one's opportunities were practically unlimited. The development of that profession came more rapidly than we dreamed of fifty years ago because of the various changes, to which reference has been made in these pages, in the financial and business fields and in governmental policies.

It has been a good fifty years for me. If there were difficulties or disappointments, I do not remember them—they were like rainy days which are forgotten when the sun shines again. I cannot in any adequate way express the happiness that has been mine in my association with my partners. Life has indeed been worth while, living and working with associates for whom I feel such an abiding affection.

And I would like to pay a tribute to our splendid organization. We all know how essential to the building up of a successful accounting practice are the loyalty, the integrity and the intelligence of the staff. Our staffs, in all our offices, have been characterized in full measure by these good qualities. We are proud of them and we want them to be proud of the firm.

I like to think that a L. R. B. & M. spirit pervades our organization, that spirit being the resolve that work done by L. R. B. & M. shall represent the best that can be accomplished in an accounting practice. May that spirit grow and strengthen.



## Tributes to William M. Lybrand

### FROM HIS FELLOW FOUNDERS

It is now over fifty years since I first met William. My brother and I had preceded him in the office of John Heins by a year or so. We have been closely associated ever since not only in the practice of accountancy, but in a warm friendship. Our association began before either of us was of age, and has continued in unbroken fellowship to the present hour.

William gave promise early in his career of what he was to accomplish. We were in the employ of a man who was very exacting in his demands, who had a passion for good workmanship, and expected everyone under him to conform to his standards. I recall with pleasure an occasion when he spoke to an older member of the staff of his high appreciation of William's work. Commendation from such a source could only come as a result of outstanding services.

His contribution to whatever success our organization has attained cannot be overestimated, and we who are his associates realize our indebtedness to him for his wise and efficient administration.

In addition to the ability displayed in his chosen field, one must admire him as a man of character. His fidelity to duty and his adherence to the highest ethical require-

ments have been apparent to all who have come in contact with him, and his influence upon the members of our organization has been always of the best.

It was easy to like William at the very start. He possessed then as now a great capacity for making friends, and kindness, patience, and helpfulness have always been characteristic of him. Fortunate is the man who through long years has been blessed with his companionship.

William's efforts have not been confined to making a success in his profession, but he has found time in a busy life to interest himself in public affairs and in community welfare, education and in charitable endeavor. The things that make life worth living have had their place in his heart and mind.

May he enjoy many more years of happiness and find the last the best.

T. EDWARD ROSS.

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I met William in the Spring of 1887, now some fifty years ago. We are both sons of Methodist Ministers, which accounts for our early meeting. We lived in the same block in the same street in Philadelphia but the chances of our

meeting were rather slim other than through our church affiliations.

He had a job I envied. He went off on long trips, all expenses paid, to strange places. It was the traveling I envied—not his work which I knew little about. Then I had a chance to take charge of the office in which he worked and I accepted with alacrity. I had charge of the office—not of any of the work therein except running a press-copy book—which was a terrible task. If the blotters were too wet the ink ran and the pages had to be rewritten and the office boy was cursed. Maybe he should have been.

In every way, at all times William was a kindly, considerate and help-

ful friend. I can look back over fifty years of association with him (as I did with nearly that number of years with Edward), and I cannot think of an unkind word and I know there has not been an unkind thought on the part of any one of us for the other.

In February, Mrs. Montgomery and I expect to go on a cruise to South America. The first person we thought of as a possible fellow passenger was William. He said he would go. After fifty years of almost daily association, days and nights and Sundays, one would think that we might like a change. But it just didn't occur to us. It seems that we are pretty fond of William.

ROBERT H. MONTGOMERY.



## A Fiftieth Anniversary Dinner

BY WALTER A. STAUB

Beginning some forty years ago when a few men organized the New York State Society of Certified Public Accountants and began holding monthly meetings, accountants have been foregathering at the Waldorf-Astoria Hotel, first in the original building on Thirty-fourth Street and in these later years in the modern and splendidly equipped structure on Park Avenue. Extremely varied have these meetings been: some of a strictly business character; many of them devoted to the technical work of our profession; some to celebrate notable events in its history as, for example, the fortieth anniversary of the passage of the first certified public accountant law; and sometimes to do honor to those who richly merited it. Some of these many meetings have been dinner and luncheon occasions when the breaking of bread has contributed to the friendliness and enjoyment of the hour.

I am sure that the best of these many occasions in the past, when "Oscar of the Waldorf" has acted as the presiding genius to see that everyone was ministered to in a way that would enable him to get the most from the occasion, could not have surpassed, and some of us at least will question whether any could have quite equalled, the dinner

at the Waldorf on the evening of October 16, 1937, when we gathered to do honor to William Mitchell Lybrand, one of the founders of the firm of Lybrand, Ross Bros. & Montgomery, on the completion of fifty years of accountancy practice.

The date had been selected so that the partners, who had come from different parts of the country to attend the annual firm meeting, might remain over for this happy occasion. There were twenty-nine partners present, and all the members of the staff at the New York office who were not prevented from attending because of being on out-of-town engagements or by reason of illness. The wives of partners and staff members were also present, thus making a total attendance of 401 persons at the dinner.

At the conclusion of the serving of the dinner, the dessert course of which was preceded by a ceremonial march of the waiters (headed by "Oscar") bearing aloft illuminated ices, Colonel Montgomery took charge as toastmaster. This is one of the many fields in which he is an accomplished master and on this occasion, too, he demonstrated his fitness for leadership and his control of the situation. Long speeches were banned but ample opportunity was given for expression of the

happiness that was in the hearts of those present and to their desire to honor the guest of the evening and to pay tribute, not only to his long service in and to the profession, but also to his leadership, with his fellow founders, of the firm in its forty years of history.

The several speakers linked with their remarks concrete evidences of the esteem and affection in which Mr. Lybrand is held. Mr. Ross, a fellow founder of the firm, was the first speaker. He spoke as follows:

When we meet to do honor to one who has wrought with distinction for half a century in his chosen profession, it would seem that it is a fitting time to dwell on the achievements and admirable qualities of the guest of honor. But I have to confess that I speak under great embarrassment. On the one hand I have been invited to say something, and on the other hand, the toastmaster has informed me that I speak at my peril and that anything I may say will be used against me. I do not know the reason for my being intimidated in this way. I had no intention of revealing anything discreditable to Mr. Lybrand. I don't know what his New York associations have done to him, but when he left Philadelphia his record was good.

It may be that the toastmaster, having listened recently to some samples of oratory of great depth and length, is afraid that it is a habit with some of us, and he does not want you subjected to torture. Or, it is possible that he thinks these chaps who have been fifty years at one job are likely to have become garrulous in their old age.

Whatever the reason for this arbitrary attitude of the toastmaster, I feel it would be unwise for me to deliver the excellent oration which I have prepared.

I should like to have spoken at some length on our distinguished guest's qualities of heart and mind that have endeared him to us all. I would I could dwell upon his professional ability, and the success which has marked his endeavors in many lines. But this is denied me, and my set speech ends at this point.

But I have been commissioned by my Philadelphia partners to say something on their and my own behalf, and this I shall now say privately to Mr. Lybrand:

William, when you left Philadelphia we looked upon you still as one of us, and we believed you would always retain your interest in the office and in the city where you began your career. For—

There's nothing Nineveh Town can give  
(Nor being swallowed by whales between),

Makes up for the place where a man's  
folks live

Which don't care nothing what he has  
been;

He might ha' been that, or he might ha'  
been this,

But they love him and hate him for  
what he is.

We have continued to regard you as one of us, and we feel that we cannot let this occasion pass without giving some tangible evidence of our affection. This bit of silverware was fashioned by an artist who evidently loved to create beautiful things. He could not have anticipated that after two hundred years it would be transported over three thousand miles of ocean and presented to another master craftsman. We give it to you with our love, and ask that you receive it as a token—a small token—of our high esteem.

The "bit of silverware" to which Mr. Ross referred was a lovely old teapot which I believe came from



Newcastle in England. It bears the inscription,

To  
WILLIAM MITCHELL LYBRAND  
from his Philadelphia Partners  
1887—1937

It was the privilege of the writer to speak on behalf of the New York partners, which he did in the following words:

As one of the founders of our firm, and as one whose vision has contributed largely to the policy responsible for the development and expansion of the firm's practice, Mr. Lybrand's leadership and influence have been felt throughout our entire organization. In the European offices—our farthest East—and in the Pacific Coast offices—our farthest West—his influence and guidance have been felt and valued just as much as in those older offices where the foundations were first laid for enduring growth.

The intimate association which it has been the privilege of some of us to have with him as fellow partners at the New York office—the center of his professional activities for almost thirty years past—has given peculiar opportunity for the development in the highest degree of that admiration and affection which all who know Mr. Lybrand feel for him. To see him at work and in counsel is to esteem him for his qualities of mind, purpose and accomplishment; to know him as a man is to love him.

In seeking to find a tangible means of expressing their congratulations on Mr. Lybrand's successful conclusion of half a century of professional life and of evidencing their affection for him, the New York partners were for a time at a loss. Mere material things can express in only a limited way the finer and deeper sentiments and emotions of life. And yet they may be used, even if with

limitations, to evidence in a visible form the tribute which we wish to pay on such an occasion as this and to serve as a pleasant reminder of it in the years to come.

We were therefore happy when the consensus of opinion fixed upon a gift which in more ways than one seems to typify some of those numerous qualities of heart and mind which we esteem so highly in Mr. Lybrand.

The hall mark of sterling on the silver, signifying genuineness and sincerity; the beautiful pattern, coming from the genius of a master; the prestige of the designer and master workman, resulting from years of inspired work well done; the utility of the object, emblematic of a practical purpose brought to fruition; and the substantial and solid character of the article, suggestive of poise and dependability; all bring to mind qualities which we recognize as possessed in so great a degree by our guest of honor.

And so I conclude these words with a reading of the inscription on the Jensen silver pieces which it is my great pleasure to tender to Mr. Lybrand from a group of those who are proudest to be known as his friends:

Presented to  
WILLIAM MITCHELL LYBRAND  
with the affectionate regards  
of his New York partners  
on the fiftieth anniversary  
of his entry into the  
accountancy profession  
1887—1937

The silver presented to Mr. Lybrand by the New York partners consisted of a large center bowl with two smaller bowls in the same pattern, which had been designed by that master craftsman of the modern day, Georg Jensen of Denmark. It is interesting to note that a dupli-

cate is in the Museum of Art and History at Geneva, Switzerland, that a replica was sold to the Crown Prince of Japan, and that a similar design (though not an exact copy) was made for the Danish people who presented it to their King and Queen.

At this point the toastmaster with his customary initiative did the unique thing of reading a poem, which he and Mrs. Montgomery had written for the occasion. This literary gem, which met with loud acclaim, read as follows:

FOR WILLIAM  
FROM NELL AND ROBERT

Dear William: In your hours of ease  
We wanted something for you to please,  
We knew you had so very much  
If ours wasn't good, we'd be in Dutch.

Says Nell: Where does his ease he take?  
I never saw him push a rake,  
He drives around in a big motor car  
To places near and very far.

But doesn't he spend any time at home?  
From his lovely place, why does he roam?

He lives at a place so near to us,  
We expect to find him or we raise a fuss!

Well, maybe he does at times stay in  
To get away from the cruel world's din.  
Then how does he the terrible din drown  
When tired and weary he returns from town?

Does he, out of doors, go for a walk  
Or go to the telephone and have a talk?  
Surely he doesn't go right to bed,  
Mustn't he get his stomach fed?

When he's fed himself right good  
With reasonably rich and tasty food  
He's pretty tired by then, I'll bet  
And what he wants is a soft place to "set."

Now we reach the most important part  
Of William's new house, so close to his heart—

In every home there's nothing fitter  
Than the place to "set" and rest your sitter.

So to William's sitter we gave much thought,  
For true comfort can't always be bought,  
And for William's happiness we so much care  
We knew the best bet was a nice Easy Chair!

We didn't know the size of Bill's sitter  
So we'll have to send around a fitter.  
You can't be happy unless you're snug,  
You know the story of the Bug in the Rug.

So William dear:  
When you come in from a tramp over  
your Broad Acres,  
You'll find an easy chair from Wana-  
makers.

This (*showing miniature chair*) shows  
you what we have in mind,  
You'll actually get a bigger kind,  
It's just a token from Nell and Bob,  
We can't write more, we're all A'Sob!!

That lover of Boston and of all  
the history, tradition and culture  
associated with it, namely Carl T.  
Keller, with his happy faculty for  
warmhearted expression, spoke as  
follows, when presenting to Mr.  
Lybrand, on behalf of the Boston  
partners, a beautiful water color  
painted by an artist friend:

For 23 years of the 50 which our

senior partner has been in the accounting business, I have been associated with him; an association which has brought to me an ever increasing amount of satisfaction and delight. Not many business relations are based primarily on affection, but those with our William are. His peculiar temperament has pervaded our entire body, so that there is an extraordinary feeling of warm brotherly interest in one another. We like one another and we show it.

Cervantes said—"Fair and softly go far,"—we are all aware that it was due largely to these qualities and to his foresight that the firm has become the leading one of the country.

I am sure that those of you who have had to deal with William are aware of the following characteristic. Many times in the past I have rushed over to New York, filled with high purpose, burst in upon him with all kinds of enthusiasm, poured out my tale and almost invariably when I finally came up for air I found that we were discussing something quite different, and that my pet had apparently been packed in cotton wool and put in a soundproof vault. There were no evidences of strangulation or other high-handed treatment, but in his quiet and effective way he had slipped around my end. I am afraid that occasionally he was correct.

But if we did not always agree on questions of policy and expansion, there were others upon which we harmonized completely. We both are hobby-riders and so can talk to each other endlessly about these respective weaknesses, neither listening to the other, but both having a delightful time.

I doubt not but by this time William's collection of autographed books is an outstanding one. And we all know his harmless and inexpensive weakness for making over old houses and building new ones.

Some kind fairy gave our friend a

particularly precious gift, and that is the ability to get pleasure out of the ordinary every-day incidents of life. His kindly interest in people makes it possible for him to draw from his neighbors, particularly those of the Vermont back-lots, quaint and humorous philosophies of life, and to penetrate into their intimate thoughts and feelings. We can picture William sitting on the cracker barrel in the corner grocery store listening to the different Hiram and Cys drawling out their droll comments on people and things. I know of no one who could get a more thorough, quiet enjoyment therefrom than our senior partner.

We delight to see him so well, so interested and so amused. We augur that we will have him long with us to puncture gently our erratic balloons and to prod our peculiarities.

"A merry heart doeth good like a medicine!"

The Pacific Coast was represented by Mr. Keast, who went to San Francisco at the beginning of 1924 to be the resident partner in direct charge of the West Coast offices and who has ever since, with the cooperation of Mr. Gibson, who went to Los Angeles in 1925, stood for the L. R. B. & M. ideals of professional integrity and service. He presented a pair of beautiful silver compotes of Jensen design.

We were happy that not only our offices in this country were represented at the dinner, but that the European offices also had a share in the celebration through the presence of Mr. Arnold T. Davies, one of our partners at London, and Mrs. Davies. With evident sincerity he

spoke as follows on behalf of the European partners :

Following the graceful speeches to which we have been listening, I feel very deeply my responsibility, particularly so as the few words I propose to give you represent not only my own sentiments but also those of my colleagues in Europe, who will be rejoicing with us on this auspicious occasion. I know they would agree with me in saying that this anniversary is to all of us, one for very real and very heartfelt celebration.

Mr. Lybrand, whose 50 years in accountancy we are here to celebrate, has been throughout in a true sense both a leader and a friend to all of us.

We have learned largely by his example that important lesson, that work well done is itself its own reward.

And he has taught us more than this, for from him we have learned how much may be accomplished by kindly and generous manners when they are coupled with great foresight and capability. In short, we all agree that Mr. Lybrand commands our deepest devotion, not only because of his fifty years of service but also because he has shown himself a great and wise leader of men.

No one who knows him can but be impressed by one who couples with an acknowledged and high business ability, a taste for the fine and beautiful things of life.

We in Europe do not feel ourselves to be alien associates of you here; we know that our two countries are bound together by blood ancestry and ideals; specifically in our case we feel that you are truly friends, and never has it been more forcibly shown than on this visit. And by no means least do we feel a very definite tie of affection when we think of Mr. Lybrand.

On behalf of my colleagues in London and Paris I ask Mr. Lybrand to accept as a souvenir and token of our af-

fectionate regard an inkstand which bears the following inscription :

1887—1937

WILLIAM M. LYBRAND  
with affectionate congratulations  
from the European offices of  
Lybrand, Ross Bros. & Montgomery

Naturally and fittingly the staff of the New York office, with which Mr. Lybrand has had close contact during the approximately thirty years since his coming to New York, also had a spokesman on this occasion. Mr. Bergman, whose service with the firm started more than thirty years ago in the Philadelphia office and who has been in the New York office for the last twenty years, presented on behalf of the staff a rectangular gold easel clock made by Cartier, which bore the following inscription :

To

WILLIAM MITCHELL LYBRAND  
1887-1937

From the employees of the New York  
and Newark offices of L. R. B. & M.  
to commemorate his  
Fiftieth Anniversary as a  
Public Accountant

In making the presentation, Mr. Bergman expressed himself as follows :

Mr. Lybrand, I have the honor to present to you on behalf of the entire staffs of the downtown and Newark offices, this timepiece to commemorate the fiftieth anniversary of your entry into the profession of accountancy. May this instrument measure for you many,

many more years of well-earned happiness in the second half-century of your professional career.

It is a far cry from the days of the sundial and the water clock, but in those times—as now—the high and the lowly received the daily allotment of twenty-four fresh hours to do with as desired. It is the lot of many of us that we did not use our time to the best advantage. To a few is given the great privilege of so using their quota of time that men shall rise up and call them blessed. To those who have long known and worked with you, the measure of your days has been filled with inspiration.

I am grateful for this opportunity to speak for myself and my associates on the staff. We know you too well to engage in fulsome (even though warranted) references to your character and ability, but we feel that we must express our sincere feelings to some extent.

In closing, we hope that long after this timepiece shall have recorded all "charges" for "elapsed hours" and shall

have ceased to function, your "capital" of years will remain "unimpaired."

A period of entertainment by a magician produced a series of weird and wonderful performances which no good accountant with a realistic mind and a good auditing sense could view except with the utmost suspicion. There was every reason to believe that the clever performer's "representations" were anything but what they purported to be! The balance of the evening was given over to dancing.

It was with a feeling of having enjoyed a great privilege in being permitted to rejoice with Mr. Lybrand on the completion of a half century of professional practice, that we turned homeward from an occasion which will linger long in our memories.



## The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. & Montgomery, for free distribution to  
members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of cooperation and interest, and to help in the solution of common problems.

### PARTNERS

WILLIAM M. LYBRAND	New York	HERMON F. BELL	New York
T. EDWARD ROSS	Philadelphia	GEORGE R. DRABENSTADT	Philadelphia
ROBERT H. MONTGOMERY	New York	A. KARL FISCHER	Philadelphia
JOSEPH M. PUGH	Philadelphia	WALTER B. GIBSON	Los Angeles
WALTER A. STAUB	New York	CLARENCE R. HAAS	Philadelphia
H. HILTON DUMBRILLE	New York	WILLIAM F. MARSH	Pittsburgh
JOHN HOOD, JR.	Philadelphia	FREDERICK S. METZLER	Philadelphia
HOMER N. SWEET	Boston	HOMER L. MILLER	Chicago
THOMAS B. G. HENDERSON	New York	DONALD M. RUSSELL	Detroit
GEORGE R. KEAST	San Francisco	CONRAD B. TAYLOR	New York
PRIOR SINCLAIR	New York	ROBERT E. WARREN	Cleveland
NORMAN J. LENHART	New York		
DONALD P. PERRY	Boston		
WALTER L. SCHAFER	New York		

### MASSACHUSETTS

CARL T. KELLER	Boston
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### TEXAS

ALBERT G. MOSS	Dallas
J. F. STUART ARTHUR	Dallas

### EUROPE

ARNOLD T. DAVIES	London	VICTOR L. NORRIS	London
FRANCIS J. H. O'DEA	Paris	LEONARD C. DAVID	Paris

### A. Charles Guy

The most tragic event in the 40 years that have elapsed since the founding of our firm occurred in the early morning of Saturday, January 22. Under the pressure of the heavy burden of work which we have to take care of at this season of the year, Mr. Guy had been at the office until well after midnight.

While driving to his home in one of the suburbs of Cincinnati, his automobile collided with a trolley car and he was almost instantly killed.

The news of Mr. Guy's untimely death was a great shock to our firm, not only to the partners but to the many others in our organization who knew him. He was of English birth, had received his early



training there and entered our Philadelphia office soon after the close of the war. He speedily demonstrated his ability as an accountant and won high esteem for his character and integrity of purpose. His quiet disposition and manner resulted in attaching to himself all the more firmly those who became his friends. In 1923, when we opened an office in Cincinnati, he was placed in charge and his effective work in that capacity led to his admission to the firm in 1931.

It seems a great tragedy that he should have left this life just at the height of his powers. All of us who knew him will always remember him for his devotion to the interests of the firm and for his sincere friendship.

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### A Half Century of Practice

This issue is devoted primarily to recognition of the completion by Mr. Lybrand of a half century of practice in the accountancy profession. An account of the testimonial dinner given in his honor appears on another page. The leading article in

this issue is a review of events and personalities in the development of the profession as Mr. Lybrand has seen them in the course of the past fifty years.

It is an interesting coincidence that Mr. Lybrand's entry into the profession was within a few months of the organization of the American Association of Public Accountants in 1887. The fiftieth anniversary of the American Institute of Accountants (lineal successor of the Association), which brought together a larger number of accountants than had ever before met together in America, was celebrated in the week following that in which the firm's testimonial dinner was held.

It had first been planned to include also in this issue an historical article—or a series of such articles—commemorating the fortieth anniversary of the founding of our firm, which occurred on January 1, 1898. It seems preferable, however, to devote the present issue entirely to the commemoration of the completion of fifty years of practice by Mr. Lybrand and to devote the next issue to the fortieth anniversary of the founding of the firm.



## William Mitchell Lybrand

BY FRANCIS E. H. DAVIES

*(London Office)*

Americans and brothers, from these lands,  
Whence in the olden time the Mayflower sailed,  
We give you greeting and with concordant hands  
Extol that courage which has never failed  
Through fifty years to march with onward tread.

And chiefly him we sing who all that time,  
Through halcyon days and days of grim despair,  
Has guided us. We in this distant clime  
Joining with you, our brothers, now prepare  
To celebrate in gratitude his toils.

For though our countries are together tied  
By bonds of kinship, we are closer still  
Entwined with you. Affection deep and wide  
Is common to us all for him whose will  
Steadfast and kind has led us wisely on.

## Notes

Colonel Montgomery has recently received the following letter from Señor Roberto Casas Alatríste, past president of the Institute of Certified Public Accountants of Mexico:

Under separate cover you will receive three copies of the pamphlet especially printed to contain only the address you made at the meeting of The American Institute of Accountants, held in New York a few months ago, and which pamphlet is a supplement of the November, 1937 issue of our review, *Finanzas Y Contabilidad*.

This will show you the great interest which your address has awakened among the readers of it over these Spanish-speaking countries. Of course, if you want more copies, please do not hesitate in letting us know so.

Mr. Ross addressed the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants on November 9 on the subject of restrictive legislation for the accounting profession.

Mr. Keast has been appointed a member of the finance committee of the Community Chest of the City of San Francisco. He has also been reappointed treasurer of the Bohemian Club for the fifth consecutive year.

On December 14th Mr. Staub addressed the Philadelphia Control of the Controllers Institute of

America, at a dinner meeting held at the Penn Athletic Club, on the subject of Federal Income Taxes and Surtax on Undistributed Profits. The talk was followed by a discussion period.

Mr. Fischer gave two lectures at Temple University during the Fall on the subject of "Financial Statements Under the Federal Securities Act."

The Philadelphia office has been participating actively in the Community Welfare Campaign in that city. Mr. Ross is a member of the firm-employee advisory committee, and Mr. Fischer is chairman of the accountants' group.

The December News Bulletin of the Massachusetts Society of Certified Public Accountants contained an article by Mr. Perry on Inventory Write-Downs.

The same issue of the Bulletin reported the holding of an Income Tax Conference at the Boston City Club on December 14th, which was sponsored by the Society's Committee on Education and at which the discussion was directed by Mr. Wakefield of our Boston office.

The December, 1937 issue of *The Pacific Dairy Review* was devoted

in large part to a report of the Seventh Annual Western Dairy Regional Conference which was this year held in Oakland, California. It included a paper and reproduction of graphic charts which were prepared by Mr. Paul L. Scott of our San Francisco office on the subject of The Distributor's Milk Dollar. In summarizing the day's discussion, Mr. Aaron G. Marcus of the Crown City Dairy Company, and director of the International Association of Milk Dealers, said in part:

As I come up on the platform and get a closer view of these charts, particularly the card which says "1.3 cents

Profit," I can now distinguish that what I thought before was a capsule or bitter pill is supposed to represent a bottle of milk.

Mr. Scott's presentation was truly a masterpiece. It is the first time such a study has been made on the Pacific Slope, and will be of considerable value to the industry. . . .

Mr. Ives of our Atlanta office has recently been appointed a member of the National Affairs Committee of the Atlanta Chamber of Commerce.

David L. Evans, Jr., has passed the New York State C. P. A. examination.



## Lybrand, Ross Bros. & Montgomery Offices

<i>Cities</i>	<i>Addresses</i>
NEW YORK :	Downtown, 90 Broad Street Uptown, 1 East 44th Street
PHILADELPHIA	Packard Building
CHICAGO	231 South LaSalle Street
BOSTON	80 Federal Street
NEWARK	744 Broad Street
BALTIMORE	First National Bank Building
WASHINGTON	Investment Building
PITTSBURGH	Union Bank Building
DETROIT	Book Building
CLEVELAND	Midland Building
CINCINNATI	Carew Tower
LOUISVILLE	Heyburn Building
SAINT LOUIS	411 North Seventh Street
ROCKFORD	321 West State Street
ATLANTA	Healey Building
DALLAS	First National Bank Building
HOUSTON	Shell Building
SAN FRANCISCO	2 Pine Street
LOS ANGELES	510 South Spring Street
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